

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: January 24, 2025

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Christopher R. Richards, Public Utility Analyst IV, Division of Accounting & Finance *CRR*

RE: Docket No. 20220185-WS – Application for limited alternative rate increase in Hardee, Manatee, Marion, Polk, and Pasco Counties, by Charlie Creek Utilities, LLC, Crestridge Utilities, LLC, East Marion Utilities, LLC, Heather Hills Utilities, LLC, Holiday Gardens Utilities, LLC, Lake Yale Utilities, LLC, McLeod Gardens Utilities, LLC, Orange Land Utilities, LLC, Sunny Shores Utilities, LLC, Sunrise Water, LLC and West Lakeland Wastewater, LLC.

Please place the attached proposed calculations for over earnings adjustments for Lake Yale Utilities, LLC and Crestridge Utilities, LLC in the above-referenced docket file.

Thank you.

Attachments.

Proposed calculation for the adjustment of Lake Yale Utilities, LLC approved W/W tariff

Lake Utilities Wastewater (LYU-WW) received authorization to modify its water tariff rate three times since August of 2023.

August 9, 2023	Limited Alternative Rate Increase (LARI)
October 1, 2023	2023 Price Index
June 1, 2024	2024 Price Index

On December 2, 2024, LYU-WW filed the required LARI earnings review based on its operations for the 12-month test year period of September 2023 through August 2024. The earnings review determined that LYU-WW exceeded its authorized return on revenues by \$24,194.

LYU-WW proposes the following calculations to immediately reduce the current wastewater tariff rates, and to mitigate the current overearnings situation. Once reduced tariff rates are implemented, refunds with interest for each LYU-WW customer can be determined.

Step 1 – Reverse Annualization

Using the billing register information for the test year, recalculate test year revenues as if the 2023 and 2024 Price Indexes had never been applied. This calculation is similar to the Commission’s practice of annualizing revenues at the current rates when the rates have increased during the test year. In LYU-WW case, for this exercise, it is reversed. The resulting calculation indicates that \$5,674 of the \$26,381 (grossed up) in overearnings is attributed to the two Price Index adjustments that LYU-WW received during the test year. The \$26,381 over earnings amount used below is the initially determined over earnings amount of \$25,194, grossed up for RAFs.

Step 2 – Reduce the LARI Rates

Using the billing information for the test year and the adjusted test year revenue information determined in Step 1, calculate the new tariff rates that will allow LYU-WW to achieve its authorized rate of return.

<u>Current Over Earnings</u>		<u>Price Index Over Earnings</u>		<u>Additional Over Earnings</u>
\$26,381	-	\$5,675	=	\$20,706
<u>Current Revenue</u>		<u>Remove Price Index</u>		<u>Adjusted Revenues</u>
\$124,566	-	\$5,675	=	\$118,891
<u>Additional Over Earnings</u>		<u>Adjusted Revenues</u>		<u>Tariff Adjustment</u>
\$20,706	/	\$118,891		17.42%

Just as when LYU-WW received the LARI tariff increase, the tariff adjustment should be applied across the board to the LYU-WW tariff rates.

Using the same methodology as described above, LYU-WW estimates an additional refund of \$9,622 due to its customers for the 4-month period, after the test year, of Sep 2024 through Dec 2024.

RATE CALCULATIONS

Lake Yale Utilities, LLC

Wastewater Rates

General Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>Remove 2023 Index</u>	<u>Remove 2024 Index</u>	<u>LARI Rates</u>	<u>Decrease Factor</u>	<u>Proposed Rates</u>
BFC						
5/8" x 3/4"	\$18.39	-\$0.90	-\$0.35	\$17.14	82.58%	\$14.15
3/4"	\$27.59	-\$1.35	-\$0.53	\$25.71	82.58%	\$21.23
1"	\$45.98	-\$2.25	-\$0.88	\$42.85	82.58%	\$35.39
1-1/2"	\$91.95	-\$4.50	-\$1.75	\$85.70	82.58%	\$70.77
2"	\$147.12	-\$7.20	-\$2.80	\$137.12	82.58%	\$113.23
3"	\$294.24	-\$14.40	-\$5.60	\$274.24	82.58%	\$226.47
4"	\$459.75	-\$22.50	-\$8.75	\$428.50	82.58%	\$353.86
6"	\$919.50	-\$45.00	-\$17.50	\$857.00	82.58%	\$707.71
8"	\$1,471.20	-\$72.00	-\$28.00	\$1,371.20	82.58%	\$1,132.34
Gallon Charge						
Per 1,000	\$12.92	-\$0.63	-\$0.24	\$12.05	82.58%	\$9.95

Lake Yale Utilities, LLC

Wastewater Rates

Residential Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>Remove 2023 Index</u>	<u>Remove 2024 Index</u>	<u>LARI Rates</u>	<u>Decrease Factor</u>	<u>Proposed Rates</u>
BFC						
All meters	\$18.39	-\$0.90	-\$0.35	\$17.14	82.58%	\$14.15
Gallon Charge						
0-,6000 gallons (6,000 gallon cap)	\$10.77	-\$0.53	-\$0.20	\$10.04	82.58%	\$8.29

Calculations to address test year over earnings

**Lake Yale Wastewater LLC
Wastewater Revenues**

Sep-Oct 2023	Customer Bills	Consumption K/Gallons	Authorized Tariff	Calculated Revenues
<u>Residential & GS BFC</u> 5/8" x3/4"	612		\$17.14	\$10,489.68
<u>RS Charge per 1,000 gal</u> 0-6000 6,000 cap		770	\$10.04	\$7,734.88
<u>GS Charge per 1,000 gal</u> All gallons		1	\$12.05	\$10.00
Nov 2024-Jun2024				
<u>Residential & GS BFC</u> 5/8" x3/4"	2,441		\$18.04	\$44,035.64
<u>RS Charge per 1,000 gal</u> 0-6000 6,000 cap		3,992	\$10.57	\$42,199.16
<u>GS Charge per 1,000 gal</u> All gallons		8	\$12.68	\$104.48
Jul-Aug 2024				
<u>Residential & GS BFC</u> 5/8" x3/4"	610		\$18.39	\$11,217.90
<u>RS Charge per 1,000 gal</u> 0-6000 6,000 cap		813	\$10.77	\$8,759.54
<u>GS Charge per 1,000 gal</u> All gallons		1	\$12.92	\$14.60
TOTAL	3,663	5,586		\$124,565.88

Sep 2023 - Aug 2024	Customer Bills	Consumption K/Gallons	Authorized Tariff	Calculated Revenues
<u>Residential & GS BFC</u> 5/8" x3/4"	3,663		\$17.14	\$62,783.82
<u>RS Charge per 1,000 gal</u> 0-6000 6,000 cap		5,576	\$10.04	\$55,983.90
<u>GS Charge per 1,000 gal</u> All gallons		10	\$12.05	\$122.91
TOTAL	3,663	5,586		\$118,890.63

Index Revenue Adjustment	(\$5,675.25)
Over Earnings Adjustment (Inc for RAFs)	\$26,381.15
Additional Adjustment Needed	\$20,705.90
Reduction to Tariff Rates	17.42%

Sep 2023 - Aug 2024	Customer Bills	Consumption K/Gallons	Authorized Tariff	Calculated Revenues
<u>Residential & GS BFC</u> 5/8" x3/4"	3,663		\$14.15	\$51,849.44
<u>Charge per 1,000 gal.</u> 0-6000 6,000 cap		5,576	\$8.29	\$46,233.79
<u>GS Charge per 1,000 gal</u> All gallons		10	\$9.95	\$101.50
TOTAL	3,663	5,586		\$98,184.73

Calculations to address subsequent over earnings

Sep - Dec 2024	Customer Bills	Consumption K/Gallons	Authorized Tariff	Calculated Revenues
<u>Residential & GS BFC</u> 5/8" x3/4"	1,223		\$18.39	\$22,490.97
<u>RS Charge per 1,000 gal</u> 0-6000		1,614	\$10.77	\$17,384.71
6,000 cap <u>GS Charge per 1,000 gal</u> All gallons		3	\$12.92	\$32.95
TOTAL	1,223	1,617		\$39,908.62

Sep - Dec 2024	Customer Bills	Consumption K/Gallons	Authorized Tariff	Calculated Revenues
<u>Residential & GS BFC</u> 5/8" x3/4"	1,223		\$14.15	\$17,310.65
<u>Charge per 1,000 gal.</u> 0-6000		1,614	\$8.29	\$13,383.25
6,000 cap <u>GS Charge per 1,000 gal</u> All gallons		3	\$9.95	\$25.37
TOTAL	1,223	1,617		\$30,719.28

**LARI Refund
LARI Refund W/RAF**

\$9,189.35
\$9,622.35

Proposed calculation for the adjustment of Crestridge Utilities, LLC, approved water tariff

Crestridge Utilities (CRU) received authorization to modify its water tariff rate three times since August of 2023.

August 9, 2023	Limited Alternative Rate Increase (LARI)
October 1, 2023	2023 Price Index
June 1, 2024	2024 Price Index

On December 2, 2024, CRU filed the required LARI earnings review based on its operations for the 12-month test year period of September 2023 through August 2024. The earnings review determined that CRU exceeded its authorized return on revenues by \$41,347.

CRU proposes the following calculations to immediately reduce the current water tariff rates, and to mitigate the current overearnings situation. Once reduced tariff rates are implemented, refunds with interest for each CRU customer can be determined.

Step 1 – Reverse Annualization

Using the billing register information for the test year, recalculate test year revenues as if the 2023 and 2024 Price Indexes had never been applied. This calculation is similar to the Commission’s practice of annualizing revenues at the current rates when the rates have increased during the test year. In CRU case, for this exercise, it is reversed. The resulting calculation indicates that \$13,290 of the \$43,296 (grossed up) in overearnings is attributed to the two Price Index adjustments that CRU received during the test year. The \$43,296 over earnings amount used below is the initially determined over earnings amount of \$41,347, grossed up for RAFs.

Step 2 – Reduce the LARI Rates

Using the billing information for the test year and the adjusted test year revenue information determined in Step 1, calculate the new tariff rates that will allow CRU to achieve its authorized rate of return.

<u>Current Over Earnings</u>		<u>Price Index Over Earnings</u>		<u>Additional Over Earnings</u>
\$43,296	-	\$13,290	=	\$30,006
<u>Current Revenue</u>		<u>Remove Price Index</u>		<u>Adjusted Revenues</u>
\$281,723	-	\$13,290	=	\$268,433
<u>Additional Over Earnings</u>		<u>Adjusted Revenues</u>		<u>Tariff Adjustment</u>
\$30,006	/	\$268,433		11.18%

Just as when CRU received the LARI tariff increase, the tariff adjustment should be applied across the board to the CRU tariff rates.

Using the same methodology as described above, CRU estimates an additional refund of \$16,274 due to its customers for the 4-month period, after the test year, of Sep 2024 through Dec 2024.

RATE CALCULATIONS

Crestridge Utilities, LLC

Water Rates

General Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>Remove 2023 Index</u>	<u>Remove 2024 Index</u>	<u>LARI Rates</u>	<u>Decrease Factor</u>	<u>Proposed Rates</u>
BFC						
5/8" x 3/4"	\$16.70	-\$0.87	-\$0.41	\$15.42	88.82%	\$13.70
3/4"	\$25.05	-\$1.31	-\$0.61	\$23.13	88.82%	\$20.54
1"	\$47.75	-\$2.18	-\$7.02	\$38.55	88.82%	\$34.24
1-1/2"	\$83.50	-\$4.35	-\$2.05	\$77.10	88.82%	\$68.48
2"	\$133.60	-\$6.96	-\$3.28	\$123.36	88.82%	\$109.57
3"	\$267.20	-\$13.92	-\$6.56	\$246.72	88.82%	\$219.14
4"	\$417.50	-\$21.75	-\$10.25	\$385.50	88.82%	\$342.41
6"	\$835.00	-\$43.50	-\$20.50	\$771.00	88.82%	\$684.82
<u>Gallon Charge</u>						
Per 1,000	\$6.96	-\$0.65	-\$0.17	\$6.14	88.82%	\$5.46

Crestridge Utilities, LLC

Water Rates

Residential Service

<u>Meter Size</u>	<u>Current Rates</u>	<u>Remove 2023 Index</u>	<u>Remove 2024 Index</u>	<u>LARI Rates</u>	<u>Decrease Factor</u>	<u>Proposed Rates</u>
BFC						
5/8" x 3/4"	\$16.70	-\$0.87	-\$0.41	\$15.42	88.82%	\$13.70
3/4"	\$25.05	-\$1.31	-\$0.61	\$23.13	88.82%	\$20.54
1"	\$47.75	-\$2.18	-\$7.02	\$38.55	88.82%	\$34.24
1-1/2"	\$83.50	-\$4.35	-\$2.05	\$77.10	88.82%	\$68.48
2"	\$133.60	-\$6.96	-\$3.28	\$123.36	88.82%	\$109.57
3"	\$267.20	-\$13.92	-\$6.56	\$246.72	88.82%	\$219.14
4"	\$417.50	-\$21.75	-\$10.25	\$385.50	88.82%	\$342.41
6"	\$835.00	-\$43.50	-\$20.50	\$771.00	88.82%	\$684.82
<u>Gallon Charge</u>						
0-3,000 gallons	\$5.49	-\$0.29	-\$0.14	\$5.06	88.82%	\$4.49
Over 3,000 gallons	\$10.90	-\$0.57	-\$0.27	\$10.06	88.82%	\$8.94

Calculations to address test year over earnings

Sep-Oct 2023	Customer Bills	Consumption Gallons	Authorized Tariff	Calculated Revenues
<u>Residential BFC</u>				
5/8"x3/4"	1,231		\$15.42	\$18,982.02
1-1/2"	2		\$77.10	\$154.20
<u>Charges per 1,000 gal</u>				
0-3,000		2,036	\$5.06	\$10,303.59
>3,000		2,476	\$10.06	\$24,907.71
Nov 2023-Jun 2024				
<u>Residential BFC</u>				
5/8"x3/4"	4,922		\$16.29	\$80,179.38
1-1/2"	8		\$81.45	\$651.60
<u>Charges per 1,000 gal</u>				
0-3,000		8,494	\$5.35	\$45,441.56
>3,000		5,170	\$10.63	\$54,954.47
Jul-Aug 2024				
<u>Residential BFC</u>				
5/8"x3/4"	1,231		\$16.70	\$20,557.70
1-1/2"	2		\$83.50	\$167.00
<u>Charges per 1,000 gal</u>				
0-3,000		2,196	\$5.49	\$12,054.32
>3,000		1,227	\$10.90	\$13,368.99
TOTAL	7,396	21,598		\$281,722.54

Sep 2023 - Aug 2024	Customer Bills	Consumption Gallons	LARI Tariff	Calculated Revenues
<u>Residential BFC</u>				
5/8"x3/4"	7,384		\$15.42	\$113,861.28
1-1/2"	12		\$77.10	\$925.20
<u>Charges per 1,000 gal</u>				
0-3,000		12,726	\$5.06	\$64,392.13
>3,000		8,872	\$10.06	\$89,254.15
TOTAL	7,396	21,598		\$268,432.76

Index Revenue Adjustment	(\$13,289.78)
Over Earnings Adjustment(Inc RAFs)	\$43,295.70
Additional Adjustment Needed	\$30,005.92
Reduction to Tariff Rates	11.18%

Sep 2023 - Aug 2024	Customer Bills	Consumption Gallons	Proposed Tariff	Calculated Revenues
<u>Residential BFC</u>				
5/8"x3/4"	7,384		\$13.70	\$101,133.65
1-1/2"	12		\$68.48	\$821.78
<u>Charges per 1,000 gal</u>				
0-3,000		12,726	\$4.49	\$57,194.26
>3,000		8,872	\$8.94	\$79,277.15
TOTAL	7,396	21,598		\$238,426.84

Calculations to address subsequent over earnings

Sep-Dec 2024	Customer Bills	Consumption Gallons	Authorized Tariff	Calculated Revenues
<u>Residential BFC</u>				
5/8"x3/4"	2,459		\$16.70	\$41,065.30
1-1/2"	4		\$83.50	\$334.00
<u>Charges per 1,000 gal</u>				
0-3,000		4,361	\$5.49	\$23,940.44
>3,000		1,911	\$10.90	\$20,829.09
TOTAL	2,463	6,272		\$86,168.83

Sep-Dec 2024	Customer Bills	Consumption Gallons	Proposed Tariff	Calculated Revenues
<u>Residential BFC</u>				
5/8"x3/4"	2,459		\$13.70	\$33,679.26
1-1/2"	4		\$68.48	\$273.93
<u>Charges per 1,000 gal</u>				
0-3,000		4,361	\$4.49	\$19,598.82
>3,000		1,911	\$8.94	\$17,075.03
TOTAL	2,463	6,272		\$70,627.03

Additional LARI Refund	\$15,541.80
Additional LARI Refund W/RAF	\$16,274.13